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RUEAWJA/DEPT OF JUSTICE WASHDC  
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C O N F I D E N T I A L SECTION 01 OF 03 SINGAPORE 000933

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TAGS: [ETTC](#) [KTFN](#) [KCRM](#) [EFIN](#) [PTER](#) [SNAR](#) [ECON](#) [EINV](#) [SN](#)  
SUBJECT: FINANCIAL INTELLIGENCE COOPERATION BETTER, ALBEIT  
FROM LOW BASE

REF: A. SINGAPORE 703

[1](#)B. 05 SINGAPORE 2155

Classified By: Econ/Pol Chief Ike Reed; reasons 1.4(b) and (d)

[1](#)1. (C) Summary: GOS officials told Financial Crimes Enforcement Network (FinCEN) Regional Specialist Rena Miller April 18 that they expected to process 4,000 to 5,000 Suspicious Transaction Reports (STRs) in 2007, up from about 1,760 in 2004. Miller noted that information sharing had improved since FinCEN and its Financial Intelligence Unit (FIU) counterpart -- the Suspicious Transactions Reporting Office or STRO -- signed a Memorandum of Understanding (MOU) in December 2004, but that STRO's usefulness to U.S. law enforcement continued to be constrained by the small size of its STR database. GOS officials asserted that Singapore was well prepared to deal with any financial crime-related issues that might arise after its first casinos open in 2009. Among the enhancements made or being considered to strengthen its Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regime, the GOS would "most likely" implement a Currency Transaction Report (CTR) requirement for casinos -- but not banks. Additionally, consensus was building for a U.S.-style declaration system for cash courier reporting. Banking representatives told Miller that Singapore's stringent bank secrecy laws prevented adequate communication between financial institutions about suspicious transactions, but noted that STRO had begun to share some information with them. They advocated more and better government enforcement of AML/CFT regulations. End summary.

[1](#)2. (U) Rena Miller, FinCEN Regional Specialist (East Asia), met collectively with GOS interagency representatives responsible for regulating and enforcing Singapore's AML/CFT regime on April 18, including STRO and the Commercial Affairs Division (CAD), the Monetary Authority of Singapore (MAS), and the Ministry of Community Development, Youth and Sports (which regulates charities). She also met separately with STRO to discuss bilateral cooperation under the MOU signed in December 2004. (Note: Both STRO and CAD are part of the Singapore Police Force and report to the Ministry of Home Affairs (MHA). End note.) Additionally, Miller met with Singapore and Singapore-based international banks, including DBS, UOB, HSBC, and Citibank.

## Incrementally Better FIU Cooperation

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13. (C) In her meeting with STRO, Miller noted that FinCEN had sent only 13 requests for information to STRO since January 2005, and that FinCEN needed to conduct additional outreach about the benefits of this investigative channel in order to increase usage by U.S. law enforcement. By contrast, STRO had sent 26 requests for information to FinCEN during the same period. Miller thanked STRO for submitting six unsolicited "spontaneous disclosure" reports to FinCEN -- a new effort STRO had initiated since she last met with them in June 2005 to discuss ways to improve STRO's "hit rate" on suspects, a particular challenge given the small size of its STR database; one of these spontaneous disclosures resulted in an FBI investigation. (Note: With a "spontaneous disclosure," STRO takes the initiative to search its database for material that might be of interest to U.S. law enforcement and forwards it to FinCEN. End note.)

14. (C) STRO Head LEONG Kok Cheong told Miller that STRO had processed 3,290 Suspicious Transaction Reports (STRs) in 2006. It expected to process between 4,000 and 5,000 STRs in 2007, as the financial sector improved its scrutiny of transactions and reporting requirements for more businesses such as money remitters came into effect. STRO's database currently contained more than 10,000 STRs and a higher number of individual names. Leong said that STRO was migrating towards an electronic filing system and deployment of analytical software to help it manage the increased workload.

## Using Predicate Offenses to Nab "Money Mules"

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15. (C) Leong commented that about one-third of the STRs required follow-up investigations (e.g., requests for bank records, etc.). Out of these, approximately five percent yielded useful intelligence for investigations. These STRs revealed an increase in the number of "money mules" from third countries involved in international wire fraud and other illicit operations. WONG Kwok Onn Ian, CAD Assistant Director, said that CAD had been using Singapore's expanded list of predicate offenses (i.e., those offenses that, by law, can serve as the basis for money laundering or terrorist finance charges) to good effect. For example, it had recently prosecuted approximately fifty Singaporean money mules based in Australia, he said.

## Currency Transaction Reports: Casinos Maybe, Banks No

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16. (C) Wong expressed confidence that Singapore was well prepared to handle any AML/CFT issues associated with Singapore's first multibillion dollar casinos, which will open in 2009 and 2010. In particular, it was focused on mitigating the risk of "Macao-like scenarios" involving money laundering by Mainland Chinese citizens and entities. He cited as evidence new originator reporting requirements issued by MAS for wire transfers that will come into effect in July 2007, and restrictions under the 2006 Casino Control Act prohibiting individuals from holding chips in excess of the equivalent of S\$10,000 (US\$6,600). Both STRO and the Singapore Police's Criminal Investigations Division (CID) planned to establish casino-specific task forces to focus on AML activities, Wong said. He conceded, however, that CID, STRO, and MAS still needed to finalize how to implement Singapore's system for casino supervision and enforcement. He noted, for example, that no decision had been reached on whether unannounced checks would be performed at the casinos and if so, which agency would perform them.

17. (C) In order to further strengthen its enforcement capabilities, Wong said that MHA would "most likely"

implement a Currency Transaction Report (CTR) requirement for casinos in accordance with Financial Action Task Force (FATF) recommendations. CAD estimated that Singapore's casinos would generate more than 8,000 CTRs annually based on an informal survey it had conducted using Sydney, Australia's casinos as a benchmark. In contrast, MAS officials claimed that their "strong" STR and CDD requirements obviated the need for CTR requirements for banks and other financial institutions. A CTR threshold would in fact be counterproductive by encouraging banks to "blindly" report everything above a specified amount, they argued.

#### A U.S.-Style Reporting System for Cash Couriers?

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18. (C) Wong said that while no decision had been reached about which of FATF's recommended options (declaration or disclosure) Singapore would adopt to implement cross-border currency reporting to identify and confiscate funds related to AML/CFT, many of his CAD colleagues had expressed a preference for a declaration system. (Note: MAS told Treasury Under Secretary Levey on May 9 that MHA was close to concluding a policy proposal expected to recommend a declaration system for inbound travelers carrying currency in excess of S\$10,000 (US\$6,600) and a disclosure system -- i.e., "tell only if asked" -- for outbound travelers, a system similar to that used in the United States. End note.)

#### Banks Frustrated with Inability to Share Information

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19. (C) Several bank compliance heads told Miller in separate meetings that Singapore's stringent bank secrecy laws prevented adequate communication between financial institutions about suspicious transactions. Bank secrecy provisions also restricted their ability to share STRs between their Singapore and overseas branches. Additionally, they expressed a desire for STRO to respond more frequently

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to STRs (beyond acknowledgement of receipt), in part to increase the banks' understanding of how STRO viewed the information provided. (Note: STRO told Miller that it responds to each STR within one month; banks said it could take as much as two months or longer. End note.) One bank said that STRO had begun providing some feedback in an effort to improve its relationship with financial institutions.

110. (C) Another bank called for increased cooperation between CAD and financial institutions. It observed that CAD performed "okay" in handling domestic cases, but was largely ineffective with regional ones, except in Hong Kong, due to the lack of adequate cooperation with its counterparts in places like Burma and Indonesia. This same bank claimed that CAD was hobbled by an inability to retain staff --with many leaving for the private sector. It noted that many working level CAD counterparts had no more than three-years' experience on the job, and that their supervisors, while generally well-educated civil servants, lacked hands-on exposure to the issues. It also advocated the need for more and better enforcement, including imposition of fines on banks by MAS. (Note: MAS told Miller that it had not fined any banks for lapses in the application of AML/CFT regulations or taken any other enforcement actions beyond the use reprimand letters, only a "very small percentage" of which involved serious offenses. MAS said that it was conducting an internal review of its penalty framework. End note.)

#### Comment

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111. (C) Singapore's efforts to improve FIU cooperation, in particular STRO's use of undisclosed "spontaneous disclosure" reports, are encouraging. However, much work remains to be done to enhance the level of information sharing between our

respective law enforcement agencies. We will continue to encourage Singapore to close the gaps in its AML/CFT regime -- such as the lack of reporting requirements for cash couriers -- especially before its casinos begin operations. FATF's upcoming peer review of Singapore's AML/CFT regulatory and enforcement infrastructure, including its on-site assessment in September 2007, offers a terrific opportunity to move our agenda forward.

¶12. (U) FinCEN,s Rena Miller cleared this message.  
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